

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

700 North 10th Street, Room 258
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June 17, 2005

TO: ALL 2005 LIHEAP SERVICE PROVIDERS

SUBJECT: AMENDMENT NUMBER 2 – TO THE 2005 LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) CONTRACT

Enclosed is your agency's Amendment Number 2 for the 2005 Low-Income Home Energy Assistance Program (LIHEAP) Contract. Recently, the Department of Community Services and Development (CSD) reconvened meetings with the Weatherization (WX) Task Force in our continuous effort to seek further improvements in pertinent areas of the LIHEAP Weatherization Program, including: administration, direct services, reimbursement, and reporting.

Many of the contractual and programmatic changes within the LIHEAP Amendment Number 2 are directly attributed to recent meetings and discussions with the Wx Task Force. To assist you in your understanding of the LIHEAP Amendment Number 2, the following is a summary of the most significant changes:

CONTRACTUAL LANGUAGE CLARIFIED AND/OR EXPANDED:

- Contractual language was modified, adding the requirement that during the 3rd party weatherization dwelling inspection visits, the contractor, or a Ride-along (designated agency representative), is required to accompany the inspector. The agency representative should when possible, be sufficiently trained to make necessary corrections during inspections, thereby minimizing or eliminating the need for return trips that may inconvenience the client, and/or require re-inspection.
- The Energy Crisis Intervention Program (ECIP) reimbursement policies and budget were expanded to accommodate the reimbursement of: liability, insurance, vehicle equipment, and training at up to two percent (2%) of the total ECIP allocation, and each include their respective budget line item.
 - **BUDGET:** In order to request reimbursement for expenditures associated with these ECIP program costs, contractors must first amend their current 2005 LIHEAP Assurance 16/Intake/ECIP/HEAP Budget and submit to the assigned Field Representative for review and approval. A revised 2005 LIHEAP Assurance 16/Intake/ECIP/HEAP Budget; CSD 537E (Rev. 05/05) and instruction sheet is attached for your convenience and use.

- REPORTING FORMS: The corresponding 2005 LIHEAP Assurance 16/Intake/ECIP/HEAP Expenditure/Activity Report CSD 670 (Rev. 05/05) and the 2005 LIHEAP Weatherization Expenditure /Activity Report, CSD 680 (Rev. 05/05) and instruction sheets have been revised accordingly, and will allow for the reporting of advance repayments, and the reimbursement of Home Energy Rating Systems (HERS) rater activities.

New 2005 Building Energy Efficiency Standards – Effective October 1, 2005:

- The California Energy Commission adopted changes to the Building Energy Efficiency Standards contained in the California Code of Regulations, Title 24, Part 6 (Also known as the California Energy Code). The 2005 standards introduce numerous changes including; new energy efficiency standards, compliance credits criteria, and field verification and diagnostic testing requirements when alterations and/or replacement of certain weatherization measures are installed in a dwelling.
 - New contractual requirements, and terminology specific to Title 24 have been incorporated to the 2005 LIHEAP contract. New definitions to include Home Energy Rating Systems (HERS), HERS provider, and HERS rater were also added to the contract.
 - To ensure compliance with the changes contained in Title 24, CSD is in the process of designing a training program to provide energy service providers with a further understanding of the Title 24 Building Energy Efficiency Standards and departmental policy and guidelines to ensure the delivery of weatherization services in accordance with these standards. The tentative training date is scheduled for the month of August 2005. Additional information regarding this training is forthcoming.
 - Copies of the 2005 standards themselves and associated documents may be downloaded through the Energy Commission website at <http://www.energy.ca.gov/title24/>.
- All other LIHEAP contractual terms and conditions as set forth on the 2005 LIHEAP contract distributed to the network on December 31, 2004 have not changed.

If you have any questions or require additional clarification, please contact your Field Representative.

Sincerely,

Original Signed by
TIMOTHY DAYONOT
Director

Enclosures

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June 17, 2005

To All Low-Income Home Energy Assistance Program Contractors:

2005 Low-Income Home Energy Assistance Program Contract, Amendment No. 2

Enclosed is your agency's Amendment No. 2 to the 2005 Low-Income Home Energy Assistance Program. The Amendment clarifies certain contractual language; revises Exhibit B, Attachment III; and adds new terms conditions regarding California's Energy Efficiency Standards for Residential and Nonresidential Buildings. The packet includes two complete copies of the amendment (face sheet, contractual language, a replacement page cover sheet, and replacement pages for Exhibit B, Budget Detail and Payment Provisions: Attachment III). We are also enclosing new reporting forms.

In order to expedite the execution of your Amendment, please observe the following instructions, and feel free to use this letter as a checklist.

- ☐ Submit a governing board resolution signed by your board's authorized representative. The board's resolution must identify whom it has authorized to sign the 2005 LIHEAP contract and any amendments.
- ☐ Complete the section labeled "CONTRACTOR'S NAME" on both face sheets. Print or type the name and title of the person who is authorized to sign the amendment. Print the date signed. Ensure that **your agency's authorized representative has signed both face sheets**. Your agency's authorized representative is the person whom the governing board has specified in its resolution as the official representative to sign the 2005 LIHEAP contract and, if applicable, any amendments.
- ☐ The following replacement page is part of the Amendment packet. Please complete it as applicable, and return both copies with the Amendment packet. Note: CSD has entered certain allocations on Exhibit B, Attachment III (2005 LIHEAP Assurance 16/Intake/ECIP/ HEAP Budget). **Do not alter these numbers.**

Exhibit B Budget Detail and Payment Provisions:

- Attachment III 2005 LIHEAP Assurance 16/Intake/ECIP/HEAP Budget

- ☐ When you return the Amendment packet to CSD, please arrange all pages, including the face sheets, language, cover sheets, and Exhibit B, Attachment III, in the same order in which you received them. Include your board resolution, insurance and fidelity bond documents (if needed), and, if desired, a transmittal letter, but please do not staple or otherwise attach these documents to the Amendments themselves.

- ☐ Please return your completed Amendment packet within 30 days (45 days for public agencies) to:

Contract Services Unit
Department of Community Services and Development
700 North 10th Street, Room 258
Sacramento, CA 95814

Please keep in mind that in order for CSD to execute your Amendment, all of your agency's Amendment documents must be **complete**. Authorized persons must sign the board resolution and both face sheets. Except as waived for self-insured governmental entities, the Certificate of Liability Insurance must name CSD as the Certificate Holder **and** as an additional insured, except for workers' compensation and fidelity bond. If the insurance documents that you submitted with the original 2005 LIHEAP contract provide proof of current coverage, you do not have to submit additional copies for this amendment. On the other hand, if these insurance documents do not demonstrate current coverage, please send us any needed replacements. Coverage must include workers' compensation insurance, fidelity bond, public liability, and vehicle insurance.

If you have questions regarding the amendment process, you may contact Donna Fairchild of my staff at (916) 341-4275. For questions regarding insurance coverage, please contact Suelene Choy of my staff at (916) 341-4265. For questions regarding contractual requirements, reporting forms, or other requirements, please contact your Field Representative.

Sincerely,
Original signed by



Fernando Negrete
Manager, Contract Services Unit

FN:DGF
Enclosures

2. **EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS,**

Section 3. Programmatic Provisions, A. Payments, 1) Advance Payments, item c. is deleted in its entirety and replaced the following EXHIBIT B, 3. A. 1) c. to read:

“c. CSD will initiate repayment of advance payments outstanding **beginning with the fourth bimonthly reporting period of the contract term** or whenever the unexpended contract balance reaches 40% of the **total** consideration, whichever comes first. The State shall begin applying approved expenditures to the outstanding advance balance, thereby offsetting any subsequent reimbursements. The State shall determine amounts to be offset by applying the balance of the advance equally into the remaining expenditure reporting periods. An exception may occur if the expenditure reports submitted are less than the applied settlement formula (as described immediately above). In that case, the State shall apply the entire reimbursement amounts against the outstanding advance balance.”

3. **EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS,** Section 4., Budget Definitions, item E., Program Costs (ECIP) is deleted in its entirety and replaced with the following EXHIBIT B, 4, E. to read:

“E. Program Costs (ECIP)

“Program costs include those costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by the State for the purpose of delivering services. Allowable costs include nonadministrative costs for outreach; its related services; Fast Track; wood, propane, and oil payments, **liability insurance, vehicle equipment, workers’ compensation, training, and Heating and Cooling Services (HCS).**”

4. **EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS,** Section 4., Budget Definitions, I. Training Costs (Weatherization), item 1) is deleted in its entirety and replaced with the following EXHIBIT B, 4. I. 1) to read:

“I. Training Costs (Weatherization and **ECIP-HCS**)

“Weatherization **and ECIP-HCS** training costs shall be considered a program activity and shall include those costs that are directly attributable to the performance of this Agreement and that are reasonable and necessary as determined by the State for the purpose of delivering services. Training shall be allocated at two percent (2%) of the total Weatherization allocation **and at two percent (2%) of the total ECIP allocation** and shall be reimbursed at actual cost up to two percent (2%) of the Weatherization allocation **and up to two percent (2%) of the ECIP allocation.**”

5. **EXHIBIT B, BUDGET DETAIL AND PAYMENT GUIDELINES,**
ATTACHMENT I: PAYMENT GUIDELINES FOR WEATHERIZATION

ACTIVITIES, number 8 is deleted in its entirety and replaced with the following EXHIBIT B, **ATTACHMENT I**, number 8. to read:

“8. Contractor shall bill the actual labor hours incurred by Weatherization crew members or other personnel associated with the direct facilitation of the disposal of appliances, the procurement of permits, **and services performed by a Home Energy Rating System Program (HERS) Program rater**. Labor hours for other personnel are billable only if there are no billable hours for Weatherization crew members for these services. The approved labor rate will be allowable for Weatherization crew members only. For other personnel, a modified fixed labor rate determined by the Contractor or actual labor costs shall be used. Any modified fixed labor rate that is to be used must be submitted to CSD for approval prior to requesting reimbursement for these costs.”

6. **EXHIBIT B, BUDGET DETAIL AND PAYMENT PROVISIONS, ATTACHMENT I, PAYMENT GUIDELINES FOR WEATHERIZATION ACTIVITIES**: A new number 11. is added to read ¹:

“11. **Effective October 1, 2005, Contractor must comply with the California Energy Commission 2005 Building Energy Efficiency Standards, Alterations under Title 24, Part 6, of the California Code of Regulations, California Home Energy Rating System Program (HERS) regulations. Contractor shall obtain the services of a qualified Home Energy Rating System (HERS) Program Rater to perform required field verification and diagnostic testing on applicable weatherization measures and building alterations performed under this Agreement and as described in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 12., Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance, item e¹. under this Agreement. Procured HERS Rater services shall be obtained from an entity or individual independent from the builder or subcontractor performing the building alteration and/or energy-efficiency improvement being tested and verified, and the entity or individual shall have no financial interest in the work performed.**”

7. **EXHIBIT B – ATTACHMENT III, 2005 LIHEAP ASSURANCE 16/ INTAKE/ ECIP/HEAP BUDGET**, CSD 537E (Rev. 12/04), and Instructions are replaced in their entirety by the revised EXHIBIT B – ATTACHMENT III, 2005 LIHEAP ASSURANCE 16/INTAKE/ECIP/HEAP BUDGET, CSD 537E (**Rev. 05/05**), and Instructions, which are attached hereto and incorporated by this reference.

8. **EXHIBIT F, PROGRAMMATIC PROVISIONS**, Section 4. **Record-Keeping Responsibilities**, E. New items 15) through 23) are added to read ¹:

¹ **Note**: The item e referenced by condition numbers 6. and 8. of this Amendment is added to this Agreement by condition number 10.

- “15) Source documentation that substantiates the criteria for replacement of all gas and electric appliances and the nonfeasibility of all mandatory measures not performed or installed;**
- “16) Written permission of the owner of a rental unit or his/her agent prior to performing any weatherization services recorded on the Energy Service Agreement for Rental Units, CSD 515, or the DOE Service Agreement for Unoccupied Multi-Unit Dwelling, CSD 515d;**
- “17) Combustion Appliance Safety Inspection Form (CASIF), if applicable;**
- “18) Blower Door Data Sheet, if applicable;**
- “19) Hazardous Correction Work Plan, if applicable;**
- “20) Waivers to exceed maximums of weatherization measures, if applicable;**
- “21) Source documentation that substantiates all costs for labor and materials;**
- “22) Documentation of weatherization measures installed with other weatherization program funds, if applicable; and**
- “23) Documentation of compliance with California Energy Commission 2005 Building Energy Efficiency Standards, Alterations under Title 24, Part 6, of the California Code of Regulations, California Home Energy Rating System Program (HERS) regulations, effective October 1, 2005, as described in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 12. Special Provisions – Weatherization Activities, B. Scope of Services, 8. Quality Assurance, item e.”**

9. **EXHIBIT F, PROGRAMMATIC PROVISIONS**, Section 5. Right to Monitor, Audit, and Investigate, item A. 2) is deleted in its entirety and is replaced with the following EXHIBIT F, 5., A. 2) to read:

- “2) Contractor or a ride-along (designated representative) shall accompany the inspector on client inspection visits and shall provide transportation and equipment to the inspector in accordance with the CSD Inspection Policies and Procedures. When possible, Contractor shall make corrections during the client inspections visits.”**

10. **EXHIBIT F, PROGRAMMATIC PROVISIONS**, Section 12., Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance: A new item e.¹ is added to read:

“e. Effective October 1, 2005, Contractor shall comply with the Title 24, Part 6, of the California Code of Regulations, 2005 Building Energy Efficiency Standards, California Home Energy Rating System Program (HERS), and required field verification and diagnostic testing.

“i. Contractor’s activities with respect to 2005 Building Energy Efficiency Standards, Title 24, Part 6, HERS Regulations, shall be in accordance with EXHIBIT E, ADDITIONAL PROVISIONS, 5. Compliance with Rules and Regulations.

“ii. Weatherization measures must be installed in accordance with energy-efficiency standards of Title 24, Part 6, and CSD Policies and Procedures.

“iii. Contractor shall, when required by its local jurisdiction, obtain a building permit when additions or alterations of existing residential buildings are performed or when a component, system, or equipment of an existing building breaks and cannot be repaired. Weatherization measures subject to compliance are as listed in EXHIBIT F, PROGRAMMATIC PROVISIONS, Section 12., Special Provisions – Weatherization Activities, B. Scope of Services, 8) Quality Assurance, item e.

“iv. Contractor shall obtain the services of a certified HERS Rater to perform the required field verification and diagnostic testing. The HERS Rater shall be an independent entity from the builder or subcontractor performing the building alteration and/or energy-efficiency improvement being tested and verified and shall have no financial interest in the work performed.”

11. **EXHIBIT F, PROGRAMMATIC PROVISIONS**, Section 15. Special Provisions – ECIP Activities, B. Payment Guidelines, item 12) is deleted in its entirety and replaced with the following EXHIBIT F, 15. B. 12) to read:

“12) Permit and disposal fees *and services performed by a Home Energy Rating System Program (HERS) Rater* are acceptable expenses and may be charged only once to ECIP HCS, or LIHEAP Weatherization, or DOE Weatherization, per weatherized dwelling, and in the event ECIP HCS are performed in conjunction

¹ **Note:** The item e referenced by condition numbers 6. and 8. of this Amendment is added to this Agreement by condition number 10.

with these programs. Permit and disposal fee reimbursement does not include staff time and will be reimbursed based on the actual cost of the fee.”

12. **EXHIBIT I, DEFINITIONS, ENERGY CONSERVATION MEASURES AND ACTIVITY DEFINITIONS:** The definition for “Single-Family Dwelling” is deleted in its entirety and replaced with the following definition to read:

“Single-Family Dwelling: A dwelling structure containing no more than one dwelling unit. For the purposes of travel reimbursement, a single-family dwelling is defined as a one-unit, single-family dwelling or a one-unit, single-residential housing dwelling with **one to four** attached units.”

13. **EXHIBIT I, DEFINITIONS, ENERGY CONSERVATION MEASURES AND ACTIVITY DEFINITIONS:** Two following definitions are added to read:

- **“Home Energy Rating System (HERS) Provider, also referred to as HERS Rater: An entity or individual recognized by the California Energy Commission as a HERS Provider and certified in performing the necessary field and diagnostic testing verifications for demonstrating compliance with the 2005 Building Energy Efficiency Standards.”**
- **“Ride-along: An agency representative who accompanies a designated third-party inspector while performing on-site inspections. CSD requires that, when possible, a ride-along be sufficiently trained to make necessary corrections during inspections, thereby minimizing or eliminating the need for return trips that may inconvenience the client and/or require re-inspection in accordance with the CSD Inspection Policies and Procedures.”**

2005 LIHEAP, Amendment No. 2
Effective June 1, 2005
Replacement Page

- **EXHIBIT B – ATTACHMENT III, 2005 LIHEAP
ASSURANCE 16/INTAKE/ECIP/HEAP BUDGET,
CSD 537E (Rev. 05/05)**

EXHIBIT B - ATTACHMENT III
2005 LIHEAP ASSURANCE 16/INTAKE/ECIP/HEAP BUDGET

Contractor:		Contract Number: 05B-53	Telephone Number:
Prepared By:		E-mail Address:	Fax Number:
SECTION A - ASSURANCE 16 PROGRAM BUDGET			
1.	Assurance 16 Activities		\$
SECTION B - INTAKE PROGRAM BUDGET (ECIP AND HEAP)			
2.	Intake (eligibility determination) (up to 2% of LIHEAP allocation, excluding Weatherization Intake)		\$
SECTION C - ADMINISTRATIVE BUDGET (ASSURANCE 16, ECIP, AND HEAP)			
3.	Administrative Costs		\$
SECTION D - ECIP PROGRAM BUDGET			
4.	Cooling Service Repair/Replacement Implementation Period from _____ to _____		\$
5.	Heating Service Repair/Replacement Implementation Period from _____ to _____		
6.	Other ECIP Heating and Cooling Program Costs		
7.	SUBTOTAL ECIP Heating and Cooling Services Budget (Lines 4 through 6)		\$
8.	Outreach (5% of total ECIP allocation)		
9.	Wood/Propane/Oil Payments Implementation Period from _____ to _____		
10.	Other ¹		
11.	Liability Insurance		
12.	Training		
13.	Vehicle and Equipment		
14.	Workers' Compensation		
15.	TOTAL ECIP Program Budget (Lines 7 through 14)		\$
SECTION E - HEAP OUTREACH/WPO BUDGET			
16.	Outreach (5% total HEAP allocation)		\$
17.	Wood/Propane/Oil Payments		
18.	TOTAL HEAP Outreach/WPO Budget		\$
SECTION F - NONCONSIDERATION BUDGET (ECIP AND HEAP)			
19.	Fast Track Electric and Gas Payments Implementation Period from _____ to _____		\$
20.	HEAP Electric and Gas Payments		\$
SECTION G - TOTAL BUDGET (Lines 1, 2, 3, 15, 18, 19, and 20)			\$
SECTION H - ECIP PROGRAM HOUSEHOLDS			
21.	Cooling Service Repair/Replacement		#
22.	Heating Service Repair/Replacement		
23.	Wood/Propane/Oil Households		
24.	Other ¹		
25.	TOTAL ECIP Program Households		#
SECTION I - HEAP WOOD/PROPANE/OIL HOUSEHOLDS			#

¹ Used only for households receiving emergency assistance.

2005 REVISED LIHEAP BIMONTHLY REPORTING FORMS

Please use these forms as masters and distribute them to your programmatic and administrative staff who are involved in the 2005 Low-Income Home Energy Assistance Program.

- **2005 LIHEAP BIMONTHLY WEATHERIZATION EXPENDITURE/ACTIVITY REPORT, CSD 680 (Rev. 05/05) and Instructions**

- **2005 LIHEAP BIMONTHLY ASSURANCE 16/INTAKE/ECIP/HEAP EXPENDITURE/ACTIVITY REPORT, CSD 670 (Rev. 05/05) and Instructions**